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SIPDIS

SENSITIVE

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SUBJECT: FRENCH DECLARATION ON INNOVATIVE SOURCES OF FINANCING FOR DEVELOPMENT

REF: A. A) SECSTATE 162146

- ¶B. B) SECSTATE 160080
- ¶C. C) SECSTATE 160131
- ¶D. D) USUN 2047

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¶1. (SBU) SUMMARY: We delivered points per refs A-C, but France continues to support its idea for a tax on airline tickets and other innovative sources of financing for development. The GOF does not plan for its draft declaration to be contentious, but does intend to go ahead and release it at the High Level Event (HLE), using a press conference procedure identical to the release last year of its New York declaration. END SUMMARY.

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GOF VIEWS ARE FIRM  
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¶2. (SBU) We delivered reftel demarches to the Foreign, Finance, and Development Ministries, and followed up with visits to relevant officials. The GOF is unmoved by our arguments against presenting a separate declaration in connection with the High Level Event (HLE) Outcome Document (OD) at the September 14-16 Summit in New York.

¶3. (SBU) According to Regis Pelissier, Director of the Office of International Financial Systems and Summit Preparation at the French Ministry of Economy, the fact that Chirac himself has supported the airfare tax makes it highly unlikely GOF policy will change. We also spoke with Sebastien Hua, desk officer at the MFA for financing for development issues. Hua took note of our concerns about a separate declaration, and despite assuring us the GOF also seeks to work to reach a consensus on an OD, confirmed the GOF intent to proceed with its separate declaration. In terms of the understanding reached in Gleneagles about the French proposal for a "solidarity contribution" on airline passenger tickets, he pointed out that the French position is fully consistent with the G8 position. Hua said the G8 statement left it to each country to fashion its own mechanisms to provide ODA, and it specifically promised that the G8 would take forward innovative financing mechanisms including the IFF for immunizations, (and) an air-ticket solidarity levy...8 He acknowledged that an additional tax is not proving to be a popular idea, but the idea behind the French-hosted 2006 conference is to discuss implementation with those countries that choose to participate. The idea is that the tax would be administered by individual nations and channeled to specific development projects.

¶4. (SBU) Hua said the GOF will not try to divert attention from the OD, but it will use its declaration to promote the air-ticket tax. Procedurally, the GOF envisions an event just like last year, where the signatory countries hold a press conference to present the separate declaration.

STAPLETON